

**Rhode Island Public Transit Authority
Joint Pension Board**

Minutes of the April 20, 2015 Meeting

Joint Pension Board Members Present: Stephen Durkee; Jerome Williams; Thomas Cute; Kevin Millea and David Garzone

Absent Members: None

Also Present: Mark Susa, Board Member; Raymond Studley, CEO; Benjamin Salzillo, In-House Legal; Thomas Carlotto, Outside Counsel; Ramona Gonzalez, Human Resources; Kathy Nadeau, Human Resources; Karen DiLauro, Budget & Finance and Marie DiToro, Recording Secretary

Agenda Item 1: Approval of Minutes of March 30, 2015 Monthly Meeting

Mr. Williams made a motion to approve the March 30, 2015 minutes. Mr. Cute seconded and it passed unanimously.

Agenda Item 2: Consideration of Benefits Requests

Ms. Gonzalez states that there are five pensions to discuss today. Mr. Peter Spetelunas was on the agenda; however he has pulled his pension request.

JPB Action: Maureen Neira: Ms. Gonzalez states that Ms. Neira is requesting an early pension. She entered into the employ of the Rhode Island Public Transit Authority on January 3, 1994. She has been employed by the Authority for a total of 21 years and 2 months. During her employment, Ms. Neira was included in the salaried pension plan. Based on her years of service and her age she is entitled to a pension. She has requested that such benefits become effective May 1, 2015 in the monthly amount of \$2224.68. Mr. Garzone makes a motion to approve the benefits for Ms. Neira in the amount of \$2224.68. Mr. Williams seconds the motion and it passes unanimously.

JPB Action: Katherine Gormley: Ms. Gonzalez states that Ms. Gormley is requesting a late pension. She entered into the employ of the Rhode Island Public Transit Authority on February 7, 1988. She has been employed by the Authority for a total of 27 years and 3 months. During her employment, Ms. Gormley was included in the hourly pension plan. Based on her years of service and her age she is entitled to a pension. She has requested that such benefits become effective May 1, 2015 in the monthly amount of \$2698.37. Mr.

Millea makes a motion to approve the benefits for Ms. Gormley in the amount of \$2698.37. Mr. Cute seconds the motion and it passes unanimously.

JPB Action: Robert McConnon: Ms. Gonzalez states that Mr. McConnon is requesting a late pension. He entered into the employ of the Rhode Island Public Transit Authority on June 26, 2000. He has been employed by the Authority for a total of 14 years and 10 months. During his employment, Mr. McConnon was included in the hourly pension plan. Based on his years of service and his age he is entitled to a pension. He has requested that such benefits become effective May 1, 2015 in the monthly amount of \$852.63. Mr. Millea makes a motion to approve the benefits for Mr. McConnon in the amount of \$852.63. Mr. Williams seconds the motion and it passes unanimously.

JPB Action: Thomas P. McCormick: Ms. Gonzalez states that Mr. McCormick is requesting a late pension. He entered into the employ of the Rhode Island Public Transit Authority on August 5, 1974. He has been employed by the Authority for a total of 40 years and 9 months. During his employment, Mr. McCormick was included in the hourly pension plan. Based on his years of service and his age he is entitled to a pension. He has requested that such benefits become effective May 1, 2015 in the monthly amount of \$4995.87. All members of the JPB congratulate Mr. McCormick for his years of service. Mr. Millea makes a motion to approve the benefits for Mr. McCormick in the amount of \$4995.87. Mr. Cute seconds the motion and it passes unanimously.

JPB Action: Pedro J. Rivera: Ms. Gonzalez states that Mr. Rivera is requesting a late pension. He entered into the employ of the Rhode Island Public Transit Authority on March 15, 2004. He has been employed by the Authority for a total of 11 years and 1 month. During his employment, Mr. Rivera was included in the hourly pension plan. Based on his years of service and his age he is entitled to a pension. He has requested that such benefits become effective May 1, 2015 in the monthly amount of \$633.69. Mr. Millea makes a motion to approve the benefits for Mr. Rivera in the amount of \$633.69. Mr. Cute seconds the motion and it passes unanimously.

Agenda Item 3: RFP 15-13 Defined Benefit Pension Plan Audit

Ms. DiLauro states that RIPTA's Board of Directors is requested to approve the award of a two year contract to CohnReznick of Hartford, Connecticut to provide the annual service for RIPTA's Defined Benefit Pension Plan Audit for the Fiscal years ending 6/30/14 and 6/30/15. The total cost of the audit will be \$54,500; \$17,500 per year for the audit, \$8500 per year for financial reporting and test work and a onetime opening balance audit procedure fee of \$2500. The Auditor General and RI Department of Administration have approved the auditor selection.

The RFP was issued on February 6, 2015. It was advertised via the electronic media. Four proposals were received on March 13, 2015. The evaluation committee met on April 3, 2015 to approve the bid. This audit is a new requirement under Government Accounting Standards Board (GASB) Statement Number 67 & 68, so there is no historical record on the audit contract.

Ms. DiLauro is bringing this before the JPB for informational purposes due to the fact that the funding for this will be paid from the Pension Plan assets as allowable under Section 3.5 of the Pension Plan Trust agreement for the amount of \$54,500.

The \$54,500 is a worst-case scenario because it is difficult to determine whether RIPTA needs to have two sets of financials or not. She is working with Dennis Hoyle on that now. If a second set of financials are not needed the cost would go down to \$37,500. Mr. Williams states that this is just another reason to have one plan verse two.

Mr. Williams notices it is for June 30th of 2014 and 2015 and asks if RIPTA did not meet the deadline for the previous year and Ms. DiLauro responds that she does not know the background, however she believes there was a problem with interpretation at that time on whether RIPTA had to do this. So long as it is completed by June 5, 2015 RIPTA will still be within the deadline and CohnReznick has assured her this will be done by then.

Mr. Williams notices that the committee unanimously decided to award the contract to CohnReznick and asks what this decision was based on. Ms. DiLauro responds that the scoring was very close between CohnReznick and Blum Shapiro. However, it came down to experience, responsiveness, specs and ultimately cost, which also was very close. They are a very large firm which also meant that they could turn around the 2014 audit very quickly, which RIPTA needed.

Mr. Durkee asks whether the contract states that they must complete the 2014 audit prior to the deadline and Ms. DiLauro responds yes it was in the contract.

Mr. Millea asks if RIPTA is not happy with the firm's results for 2014, must RIPTA use them for the second year and Ms. DiLauro responds that it is a two-year contract; however, if RIPTA is not happy she is sure that there could be action taken. Ms. DiLauro responds that payment happens after the audits are complete.

With no further questions, Mr. Durkee moves on to agenda item 4.

Agenda Item 4: Actuarial Service Fees Paid by the Pension Plan Assets

Ms. DiLauro states that this is related to the GASB, Statement #67 and 68 and will be exercising the fourth renewal option under Bid# 11-16 with the Angell Pension Group to complete the annual valuations for calendar year 2015. These are done on a calendar year schedule. Also, there has to be additional work done due to the new GASB requirements.

RIPTA is changing from paying this from the operating budget to being paid out of the Pension Plan Assets under section 3.5 of the Pension Plan in the amount of \$43,187.50.

Mr. Williams asks if this is higher than last year and Ms. DiLauro responds yes due to the new requirements.

Mr. Williams would like to know exactly what the breakdown of the extra costs is and Ms. DiLauro will get that and send it over to the Board.

Agenda Item 5: **Adjournment**

With no further business to bring before the Joint Pension Board, Mr. Garzone makes a motion to adjourn the meeting. The motion was seconded by Mr. Cute and passed unanimously.

Respectfully submitted,

Marie DiToro

Recording Secretary